



# HUNTLY HUB Final Report



May 2011

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# EXECUTIVE SUMMARY

## Brief & Objectives

The objectives of the feasibility study are to:

- Provide HDT with a range of options for what a viable Huntly Hub could be and help make an informed decision on which option to pursue;
- Develop the preferred option in more detail: including the business case and community impact;
- Map out the process, activities, timescale and costs associated to take the project forward;
- Provide a method for the Trust to evaluate other proposals that may arise in the future.

A vision for the mix of uses that could be accommodated in the Huntly Hub has been identified based on the conclusions from the consultations, regeneration fit, results from the Drop In event and local market analysis. The vision is highlighted below and Chapter 6 summarises target markets, revenue streams, outline cash flow benefits, management/governance, implementation strategy and next steps.

## Vision & Driving Principles

The Huntly Hub will be an outward looking ‘town centre hub’ anchored by HDT and other third sector organisations, with start up retail space and tourism and visitor services. The Hub will accommodate activities that help develop local economic and community sustainability in Huntly. This is where you find time and the opportunity to connect with local people, resources and information.

The Huntly Hub will also host, events and activities such as providing the latest on saving energy, health and well being and activities for visitors.

The Huntly Hub will bring people together and increase the range of services available to residents and visitors in Huntly town centre.

## Huntly Hub: Preferred Uses

In order to make the assumptions used in the feasibility study as realistic as possible it has been assumed that the shop and upper floors of the premises that were formerly occupied by **Square Deal at 22 The Square** are available to be occupied by the Huntly Hub. At this stage no discussions have been undertaken with the owner, no survey of the premises has been undertaken or refurbishment plans prepared as these were all outside the scope of the brief for the feasibility study. The preferred uses for the building are described below.

Space	Use	Target Market
1 Front Shop: Rear+ Rear Store	Community Hub	HDT & community/third sector organisations who want a town centre presence e.g Huntly Mental Health Ltd, Gordon Rural Action. Space with ‘hotdesk’ workspaces to accommodate for example Credit Union, Citizens Advice Bureau and facilities to include heating, lighting and cleaning.

Space	Use	Target Market
2 Front Shop	Small Start Up & Incubator Retail Spaces	Start up retailers who want to test-trade their business idea
3 Front Shop	Tourism & Visitor Services	Local visitor information services: staffed by volunteers
4 First Floor	Community Hub: One to One/ Small Group Meeting Spaces	Group & One to One Meetings as well as advice offered at certain times/days
5 Second Floor	Small Serviced Business Spaces	Business space available on short flexible leases with power and telecoms cabling

## Financial Analysis & Viability: Conclusions

The analysis of revenue and expenditure over three years and based on cautious assumptions (Table 6.1) shows that the preferred mix of uses would show an operating deficit/gap of £8.9k in year 1, £4.8k in year 2 and 'breaking even' in year 3. In the first two years HDT would need to find alternative ways of fund this gap. In the longer term with effective management and promotion revenue income from the small serviced business spaces and small start up & incubator retail spaces could be increased to help ensure that the mix of uses continue to cover their annual costs and even make a small level of profit. Obviously if HDT own the premises they are occupying they would not pay rent and this would amount to a saving to HDT.

## Implementation & Next Steps

HDT will need to drive forward the Huntly Hub project in order to realise the vision summarised above and this includes short term efforts to secure a building, identify acquisition and capital funding at a time when no revenue income is being generated. This is also at a time when the renewables projects that HDT are pursuing to provide a steady stream of income will not have come to fruition. Therefore it may be that HDT will want to put the Huntly Hub project on hold until these sources of income are secured. The business planning process in particular the criteria to appraise options, revenue stream assumptions, anticipated annual income/expenditure assumptions can all be used to appraise other location options for the Huntly Hub that might arise in the future.

The preferred mix of uses meets seven **important principles** that will drive the Huntly Hub project forward namely to:

- Promote a community hub where there is a concentration of activity with the mix of those activities, accessible to and serving the needs of a diverse range of community members;
- Bring back into use a vacant Grade C-listed building in the Conservation Area that has a prominent location in the Square to act as a catalyst for further property improvements in the Conservation Area and the town centre;
- Promote an innovative mix of uses and components including incubator retail space that aims eventually to be self supporting without minimum revenue grant and sustainable in the long term;
- Identify a number of different sources of revenue income so that the project can cope with changes in market demand over time and so manage risk;
- Promote what is a unique asset in Huntly as an exciting town centre hub that will be a transformational project in repositioning the town centre as a more outward looking quality place for local people and visitors;
- Ensure that the Huntly Hub is home to a strong programme of activity that will appeal to families, older people, local businesses and visitor and
- Ensuring an excellent fit with the wider regeneration policy and initiatives in Huntly.

# 1. INTRODUCTION

In early December 2010 Huntly Development Trust (HDT) commissioned a consultant team led by Douglas Wheeler Associates Ltd (DWA) to develop and **assess the feasibility of four projects** that could have potential to deliver significant economic and community benefits for Huntly and offer income-generating opportunities for HDT. The objective is to undertake further feasibility work so that HDT and other stakeholders can take an informed decision on how best to take the projects forward.

The four projects are:

- Development of the Huntly retail sector;
- Creating a new Huntly Hub in the town centre;
- Creating a regional cycling development centre;
- Provision of flexible workshop space for local trades businesses.

This Final Report focuses on the Huntly Hub.

## Background: HDT & Huntly Hub

HDT's first business plan (2009) introduces HDT as a community enterprise working for the benefit of Huntly and District<sup>1</sup>. Its aim<sup>2</sup> is:

"to work with others to build a resilient, inclusive, enterprising community capable of dealing with ongoing change." HDT's main activities are development and management of projects to make Huntly and District a better place to live work and visit. HDT's key activities are:

- Maintenance, regeneration and improvement of the community's physical, economic, social and cultural infrastructure, and assisting people who are at a disadvantage because of their social and economic circumstances;
- Advancement of education and training, arts, culture, heritage, sports, recreation and environmental improvement.

The 2008-09 community consultation that informed the HDT business plan identified development of a **Huntly Hub as a priority**. The exact form that the Hub should take was not specified. It seems what was envisaged at that stage was a multipurpose focal point for people and organisations in the community, a showcase for local products and heritage and a shop window for HDT. As such, it would provide a catalyst for wider town centre regeneration in Huntly by offering extra incentive for people to visit the town centre. Plans for the site at the rear of 1 Gordon Street were drawn up and a successful planning application made however two funding applications to allow purchase and redevelopment of this building have unfortunately proved unsuccessful.

## Brief & Objectives

The objectives of the feasibility study are to:

- Provide HDT with a range of options for what a viable Huntly Hub could be and help make an informed decision on which option to pursue;
- Develop the preferred option in more detail: including the business case and community impact;
- Map out the process, activities, timescale and costs associated to take the project forward;
- Provide a method for the Trust to evaluate other proposals that may arise in the future.

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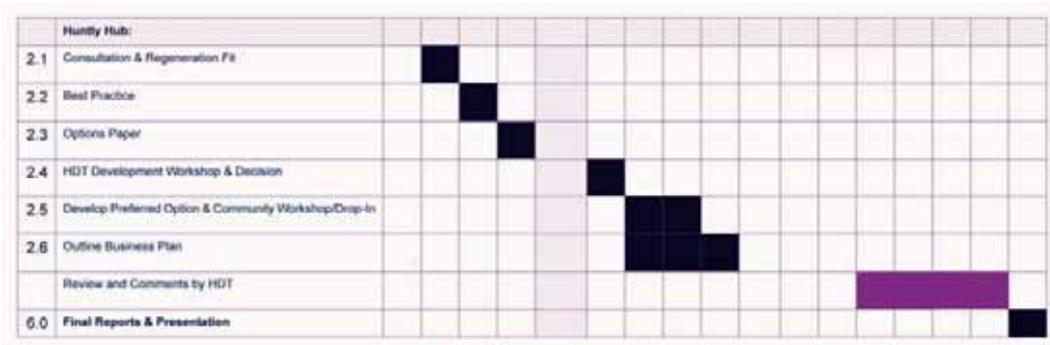
<sup>1</sup> As defined by the postcode sector AB54

<sup>2</sup> From HDT's Memorandum and Articles of Association

## DWA Approach

The feasibility work on the Huntly Hub and the three other projects has been progressed in parallel over the last three months as illustrated in the Programme below.

Figure 1.1: DWA Tasks



## Final Report: Structure

The Huntly Hub Feasibility Study: Final Report is presented in five sections namely:

- Regeneration: Context & Project Fit
- Huntly Hub: Best Practice & Key Issues
- Huntly Hub: Potential Uses & Initial Assessment of Options
- Towards A Preferred Option & Market Analysis
- Vision: Preferred Uses: Financial Analysis & Next Steps



## 2. REGENERATION: CONTEXT & PROJECT FIT

This chapter summarises how the emerging Huntly Hub project fits with national, Aberdeenshire and local economic regeneration policy initiatives. Demonstrating this kind of strategic fit forms an important part of the business case and can help influence potential partners, funders and private sector investors.

### Scottish Government

The Scottish Government (SG) has a single purpose: to create a more successful country where all of Scotland can flourish through increasing sustainable economic growth. The **Government Economic Strategy (2007)** sets out the approach to delivering the Purpose to ensure that all of the Government's resources and policies are focused on its achievement. Scotland's **town centres and local high streets** are a key contributor to the national economy, and in supporting the achievement of this Purpose. **Scottish Planning Policy** defines town centres as: *'city, town and district centres, irrespective of size, that provide a diverse and sustainable mix of activities and land uses which create an identity that signals their function and wider role.'* The SG policies confirm that town centres are a vital source of services, employment and leisure activity for their local populations, acting as the heart of local communities.

SG's **Tourism Framework for Change**, aims to increase the value of tourism in Scotland by 50% in 2015 as compared to 2006. Sitting within the Framework for Change, NESTOUR's **Tourism Strategy and Action Plan for Growth** seeks to build tourism on the history, culture, environment and hospitality of the local people and communities.

### Aberdeenshire

**Aberdeen City and Shire Structure Plan (2009)**: The approved Structure Plan sets a clear direction for the future development of the North East for the next 25 years. It promotes a spatial strategy and all parts of the structure plan area fall within either a strategic growth area or a local growth and diversification area. Some areas are also identified as regeneration priority areas. There are also general objectives identified and in summary, these include; promoting economic growth; promoting sustainable economic development which will reduce carbon dioxide production, adapt to the effects of climate change, and limit the amount of non-renewable resources used; encouraging population growth; maintaining and improving the region's built, natural and cultural assets; promoting sustainable communities; and improving accessibility in developments. The structure plan provides a strategic context for the Local Development Plan. (see below)

The **Laurencekirk-Huntly road and rail corridor** is designated as a growth area in the approved Structure Plan and focus for economic development for this part of North East Scotland.

The **Aberdeenshire Local Plan (2007)** states that larger settlements must be protected, maintained and enhanced as they are preferred locations for retail, leisure, community and business functions. Huntly is West Aberdeenshire's largest settlement. The town centre was designated a Conservation Area in 1987. Policy Env 17 seeks to protect Conservation Areas against development that would have a detrimental impact on their special character and setting by the refusal of planning permissions. New development must be of the highest quality and respect and enhance the architectural and visual qualities that give rise to the conservation area designation.

The proposed **Aberdeenshire Local Development Plan 2010** sets out the ground rules for the development of land under the land use planning acts. Its main purpose is to set out statements of the policies that will be used for assessing planning applications. In its proposals it also confirms the principle of development on sites across Aberdeenshire. The Aberdeenshire Local Development Plan will apply from the date the Council accept it (probably autumn 2011) until 2023. It will provide firm guidance for the period up to 2016.

The Local Development Plan is consistent with the Aberdeen City and Shire Structure Plan. The Plan includes a proposal for a **major expansion of Huntly** and a significant land allocation is

made for 145 units in the period 2007-2016 and 485 units between 2017 - 2013.

Aberdeenshire Council's most recent 2009 **Town Centre Healthcheck** ranks Huntly town centre seventh out of the nine town centres considered within the 2009 study and has one of the highest vacancy rates within the study.

Aberdeenshire Council **Economic Development Strategy 2007-2011** includes the aspiration that *'the Aberdeenshire economy by 2011 will be an economy that is prosperous, equitable and sustainable through increasing productivity, diversification and inclusion'*. The strategy included a commitment to completing the action plans for the Aberdeenshire Towns Partnership. In the post ATP phase. A new draft Economic Development strategy will be published for consultation in early summer 2011.

**The Aberdeenshire Community Planning Partnership in Marr** has developed its own Community Action Plan 2009-2012. Objectives in the Plan reflect the five themes identified in the Community Plan for Aberdeenshire which are:

- *Community Wellbeing*: Working together to enhance the quality of everyday life by improving health and social care, housing and community safety;
- *Jobs and the Economy*: Working together to improve the economy of Aberdeenshire and the employment prospects of the people;
- *Lifelong Learning*: Working and learning together to develop opportunities and build stronger communities;
- *Sustainable Environment* : Working together to achieve sustainability by reducing resource use protecting the environment, combating climate change and conserving and enhancing biodiversity;
- *Developing Partnership*: Working together to make the partnership as efficient and effective as possible.

The Marr Area Local Community Plan 2008-12 also includes a commitment to 'Deliver the Huntly Development Trust Business Plan' and identifies the need to investigate demand for and develop additional starter employment units in Huntly, and explore opportunities to support social enterprises so that they can become financially self-sufficient.

Aberdeenshire Council has adopted a renewed **Sustainability Charter** for the years 2008 - 2012. The Council committed itself to: "... work to ensure all our actions are sustainable and meet the needs of the current generation of Aberdeenshire's people without compromising the ability of future generations to meet their own needs."

The Council adopted a **Renewable Energy Strategy** in support of its commitment to help the area become carbon neutral in the medium term.

Aberdeen City and Shire Economic Future (ACSEF) Economic **Manifesto "Building on Energy"**, seeks to build a robust resilient economy, develop skilled people and deliver a great quality of life.

**Aberdeenshire Rural Development Strategy** seeks to revitalise communities and develop a progressive rural economy

## Huntly

**Huntly Development Trust**: HDT is working to the community's vision for Huntly. (see chapter 1) HDT is supported by the Scottish Government, the European Community Rural Aberdeenshire LEADER Programme (2007-2013), Aberdeenshire Council, SNH and Forestry Commission Scotland.

**Huntly and District Tourism Strategy Action Plan (2009 - 2014)**: Was Updated October 2010 and developed by Huntly and District Tourism Action Group in consultation with key partners to accelerate the promotion of the area and includes the Huntly Hub to showcase the area's heritage and culture as one of five priorities.

**The Huntly Sustainability Plan (HuSP)** (2011) has been prepared to map out how Huntly can be more sustainable and describe what role the Huntly Development Trust (HDT) and others can play to make this happen. HuSp includes the Huntly/Central Hub as key project.



## Regeneration Policy Fit: Conclusions

The brief review of around seventeen economic development policy documents provides a strong and supportive foundation for the proposed Huntly Hub. Scottish Government policies confirm that town centres are a vital source of services, employment and leisure activity for their local populations, acting as the heart of local communities.

Aberdeen City and Shire Structure Plan (2009) identifies that the **Laurencekirk - Huntly road and rail corridor** is designated as a growth area. This Local Development Plan includes a proposal for a **major expansion of Huntly**. The Marr Area Local Community Plan 2008-12 also includes a commitment to 'Deliver the HDT Business Plan' and identifies the need to investigate demand for and develop additional starter employment units in Huntly. The HDT 2009-10 Business Plan, Huntly and District Tourism Strategy Action Plan (2009 - 2014) and The Huntly Sustainability Plan all include The Huntly Hub as a priority.

### 3. HUNTLY HUB: BEST PRACTICE & KEY ISSUES

This chapter summarises the current status of the Huntly Hub, the outcomes from the consultations, reviews best practice and confirms the issues and key questions that the feasibility study needs to address.

#### What Is Meant by the Term ‘Huntly Hub’?

The funding setbacks have provided HDT with an opportunity to revisit **very first principles** and to more clearly define and be explicit about the purpose of the proposed the Huntly Hub. ‘Community hub’ is a now a commonly used term in contemporary urban design and community planning. As with many commonly used terms, it can mean different things in different contexts and there is no widely accepted definition. ‘Community’ implies something that is publicly owned and designed and used to address the needs of a local population. ‘Hub’ implies a central position where things come together. The hub of a wheel, for example, is the central point where all the spokes meet.

In Scotland successful *community hubs* like **Lamancha in the Borders** and **Out of the Blue Drill Hall in Edinburgh** (See Appendix 1), typically involve the clustering of community facilities that provide space for local organisations and community groups to meet and for a range of activities, programs, services and events which address the social needs of a community and often generate revenue income. While co-location of facilities and services is widely viewed as an important component of a community hub, to be successful a hub needs to be more than a cluster of services and buildings.



The essence of a community hub is the **concentration of activity that occurs and how the mix of those activities, is accessible to, and serves the needs of, a diverse range of community members.** Importantly, hubs are places that are integrated, both in terms of the programs, activities and services that occur within them, and in terms of the physical and social relationships with surrounding uses such as local shops and services, community facilities public places and transport nodes.

The DWA team’s starting point in very general terms is that the Huntly Hub would be a centrally located, publicly owned place where a variety of activities and services come together for the purpose of addressing the needs of Huntly businesses, residents and visitors.

#### Clustering of Community Facilities

The initial consultations carried out by DWA have confirmed the support for a central location for the **clustering of community facilities.** For example, **Huntly Mental Health Ltd** confirmed their interest in co-locating in a town centre location. The opportunity to integrate the use and extend the opening hours of the **Tourist Information Centre** as part of a Huntly Hub was also highlighted. Other examples of agencies expressing an interest in a town centre presence are Gordon Rural Partnership and Banff Buchan College. Clearly the Hub as a cluster of community facilities providing a range of activities, programs, services and events also has a good fit with

the Marr Community Plan: 2010-2014: Aberdeenshire Community Planning Partnership priorities (See chapter 2).

The consultations also identified the potential 'overlap' with existing provision in Huntly where space for local organisations and community groups is already provided, in particular direct competition with the Stewart's Hall and Linden Community Centre were cited as examples. There was also real concern that the Huntly Hub should not become a 'white elephant' and a future liability for HDT.



### Showcase for Products and Heritage

Huntly and District has a rich heritage and is home to many quality products and services. The view is that at present, these are displayed and promoted in a fragmented fashion, if at all. It is therefore hard for local residents, businesses and visitors to access and exploit these 'unique selling points'. The result is that the area is not fulfilling its potential. The HDT Business Plan, Huntly Sustainability Plan and the HADTAG Tourism Strategy and Action Plan all therefore highlight the aim of the Huntly Hub as a priority project. Here the aim is to **develop a multifunctional showcase for products and services related to Huntly and District and its heritage**. Possible components of the Hub include: Heritage Centre for George MacDonald (and other famous Huntly people), an (internet) café and sale of local produce. Wi-Fi could be available throughout the building, with fully accessible family friendly/baby changing facilities.

The consultations highlighted some support for the multifunctional showcase in particular as a focus for visitors but also for the potential to accommodate small and start up retail/service business in the form of 'shop/stall within a shop' or a small food/produce hall in town centre premises. The main concern was on the potential impact on existing retail business and the viability in terms of the rental level that might be achieved for smaller spaces.

### Key stakeholder Perspective: Aberdeenshire Council

**Aberdeenshire Council** is the key funding stakeholder for HDT with its provision of grant income to meet core costs. Like all councils across the country, **Aberdeenshire Council** is facing significant reductions in budget and is considering the best ways to maintain delivery of essential services. Council officers have developed a programme of budget reductions based on the council's strategic priorities and particularly focussing on economic development, early intervention and demographic forecasts. Aberdeenshire Council's final budget for 2011-12 was set in February 2011 taking account of the full implications of the Grant Settlement from Scottish Government.

The implications for facilities in Huntly in the short term include HNOG at Hill of Haugh where Aberdeenshire Council are actively considering the centre's future and in the longer term a review of leisure facilities and public halls like the Stewart's Hall. Meanwhile Aberdeenshire Council are progressing with the refurbishment of their area office at 25 Gordon Street to create a 'one stop shop' with a public reception and 'hot desk' facilities with flexible working for around 30 staff to be operational from October 2011. It is likely that the Aberdeenshire Council office in Castle Street will then be identified as surplus and marketed for disposal.

## Huntly Hub: Fundamental Questions

The consultations, reviews of first principles and best practice raises very specific questions that need to be answered before the Huntly Hub feasibility can be progressed. The answers will start to clarify the concept and inform criteria to assess the different options. At this stage the Huntly Hub concept should not be driven by specific property opportunities rather the concept needs to be clearly, tested against agreed criteria and then assessed against different delivery and property opportunities.

HDT are clear that the proposed Huntly Hub must generate income for HDT and complement and not compete with existing facilities including Huntly Business Centre, Huntly Learning Centre and Aberdeenshire Council's new 'one stop shop', Tourist Information, Deveron Arts, Stewarts's Hall and the Brander Museum/Library.

Therefore the four key questions at this stage include:

- Is generating income the most important priority for HDT? If so the Hub should only accommodate uses/activities that would generate income for HDT in the next 9/18 months.
- What additional income generating services and facilities can be co-located or clustered at the Huntly Hub?
- What variety of other income generating uses and services (including possibly retail, community services, leisure and well being) that attract different groups of people at different times of the day and meet a wide range of community needs and support Huntly's strengths could be co-located at the Hub?
- How can the Hub be clearly identified as a focal point for the community and be readily accessible to the Huntly community and visitors?

The next Chapter aims to start to answer the above questions by assessing a long list of potential uses that could be accommodated in the Hub. It also follows that the kind of town centre focal point envisaged would allow HDT to have more of a presence in the town centre, be more accessible and visible. This could help address some local concerns about the lower profile (compared to ATP) and some confusion on roles. Options to accommodate the Hub in the town centre could include a small street-based office that might be practical initially, with a move later to larger or expanded premises with additional business and workshop space for rent to generate income.

## 4. HUNTLY HUB: POTENTIAL USES & INITIAL ASSESSMENT OF OPTIONS

This chapter uses the results from the initial consultations, the reviews of best practice and of HDT papers on the Huntly Hub to generate a long list of particular uses and activities that could be accommodated. The uses are then summarised and assessed in Table 4.1 below.

### Long List of Potential Uses

Table 4.1: Huntly Hub: Assessment of Long List of Potential Uses

Specific Use	Income to HDT	Competition with existing businesses	Competition with existing community facilities	Comment
Clustering of community facilities	No	No	Yes	In town centre would increase footfall/vitality
Provide space for local organisations: co-location	Yes	No	Partly	Co-location opportunities include: -Huntly Mental Health Ltd -Tourist Information Centre
Providing space for community groups to meet	Yes/limited	No	Yes	Existing provision in Stewart's Hall & Linden Community Centre for example
Range of activities, programs, services & events	Yes	No	Partly	Depends on focus: business and/or heritage and/or community
Showcase for local Huntly products	Yes	Yes	No	Huntly Larder in Gordon St is looking to fulfil this function for food
Heritage showcase/stop	No	No	Yes	Brander Museum/Macdonald Town Trail in place
Shop window & base for HDT	Rent 'saving'	No	No	Opportunity to reduce revenue costs to HDT
Provide small/start up retail spaces: local produce	Yes	No	No	As part of a retail enterprise initiative: Huntly Farmers Market have some recent experience
Provide small craft retail spaces	Yes	No	No	Need to asses demand: Huntly Ethical Trading Initiative/David Gordon (Knock News) interested in promoting crafts
Provide small serviced business space	Yes	Yes	No	Huntly Business Centre has three units available but has been fully occupied in the recent past. (129 sq ft available @ £160/month inclusive ex VAT) Possible children's nursery opportunity: Colin Forsyth
Specific Use	Income to HDT	Competition with existing businesses	Competition with existing community facilities	Comment
Cafe/internet cafe	Yes	Yes	Partly	Possible business opportunity but competition to other town centre cafes

Provide tourism/visitor services	Yes	No	No	Contact point for tourist packages & specialist activities like cycling, walking fishing. Accessible, wet weather and family friendly/ /baby changing facilities.
Specialist advice centre: energy, citizens advice	Yes	No	No	In conjunction with say Energy Saving Trust in Scotland/providers & HDT's emerging renewable projects
Events/performance space E.g. cinema, theatre, music & dance venue	Yes/limited	No	Partly	Stewart's Hall is well used but lack of medium sized venues with modern facilities

The short list of complementary uses and activities that emerges from the assessment and was discussed with the HDT Board on 5 January 2011 includes:

1. Provide space for local organisations to co-locate;
2. Shop window, town centre presence & base for the Trust: space to deliver projects and promote local events;
3. Provide small, start up/incubator retail spaces: e.g. focus on local products & quality/ethical crafts;
4. Provide small serviced business spaces: reception & all inclusive terms;
5. Provide tourism/visitor services;
6. Specialist advice centre: base for energy advice, citizens' advice, car club.

### Criteria Against Which to Assess Options

As part of the structured approach to a more detailed assessment of the emerging short list of complementary uses, identified for the Huntly Hub, a set of evaluation criteria was agreed with the HDT Board. The suggested criteria against which each of the selected options should be assessed, with pro's and con's include:

- **Potential to co-locate/share:** share with other community organisations;
- **Impact:** what economic, community, environmental and town centre benefits will the option produce, both directly and indirectly? Will it produce any adverse effects? Will the benefits be sustainable in the long term?
- **HDT's community enterprise ethos:** Is the options In line with HDT's ethos and Huntly as a better place to live work and visit?
- **Strategic fit:** with the plans of partner organisations;
- **Risk:** what are the chances and consequences of the option failing? How vulnerable is the option to unseen events?
- **Ease of implementation:** does the option rely on the co-operation of other players whose actions are unpredictable and difficult to influence? Is the option flexible e.g. can it accommodate HDT growth if more space becomes needed in future?
- **Income generation:** Does the option generate income for HDT in the next 9/18 months?



## Location & Delivery Options

From the research, analysis and discussions with HDT six options have been identified to progress the Huntly Hub and they are:

1. **Rent an Existing Town Centre Building:** for Co-Location & Retail/Craft/Business Space;
2. **Acquire/Own Existing Town Centre Building:** for Co-Location & Retail/Craft Business Space;
3. **Non Town Centre Existing Building:** Own/Rent Co-Location;
4. **New Building:** Co-Location & Retail/ Craft/ Business Space;
5. **Virtual: Web Site Presence;**
6. **Do nothing:** don't progress the Hub.

## Consultation Event and Exhibition

A 'Drop In' event and exhibition was held on the morning of Saturday 12 February at the Stewart's Hall, Gordon Street, Huntly to consult the wider community on the emerging proposals and 145 people visited the exhibition and 32 questionnaires were completed.

The analysis of the completed questionnaires that were relevant to the Huntly Hub is listed in Table 4.2. The questionnaire asked which of the six options listed is the most appropriate to you and why?

**Table 4.2: Huntly Hub: Views on the Six Options**

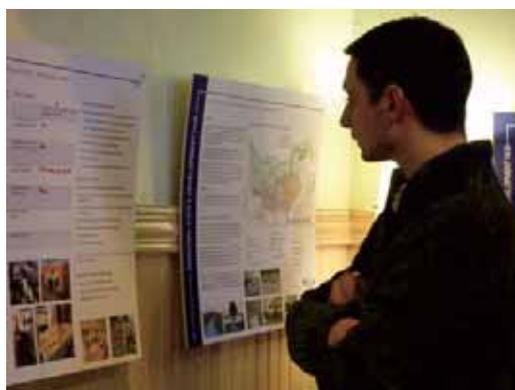
Option number		Number of votes
1	Rent an Existing Town Centre Building: for Co-Location & Retail/Craft/Business Space	12
2	Acquire/Own Existing Town Centre Building: for Co-Location & Retail/Craft Business Space	7
3	Non Town Centre Existing Building: Own/Rent Co-Location	1
4	New Building: Co-Location & Retail/ Craft/Business Space	2
5	Virtual: Web Site Presence	5
6	Do nothing: don't progress the Hub	-

Rent an existing town centre building was the most popular option and comments included:

- Using an existing town centre building would remove one of the empty premises and make the centre more vibrant (2).
- This would cost less (2); more funds available for refurbishment;
- Renting is safer option: more achievable initially and can be terminated with least pain.

Own existing town centre property was the second most popular option and comments included:

- The acquisition of own premises makes better economic sense than renting;
- Although owning may be a more expensive option at first it will give more freedom regarding internal specifications;
- Acquiring an asset would be good for the future of the Trust (2);
- HDT could rent out space to generate income (not meeting space as enough already in Huntly).



### General Comments:

- Building should be in the town centre (7);
- Location must be visible, recognisable and accessible as a focal point for the community (5);
- There are a lot of skills and entrepreneurial talent in the area but perhaps not able to commit and start of fully fledged business. The opportunity to start small (to grow and learn) with minimal outlay to reduce risk would be helpful;
- We need a good information centre that is open when most people can use it - not necessarily 9-5 shop hours;
- Where has this idea been successful? Seems good in theory;
- Locate in Somerfield if the unit becomes available?
- Use an existing building (3);
- A new building might trigger enthusiasm and a sense of community;
- The maintenance and running cost of an actual building will be very high - these costs can be spent more actively on community projects. By enhancing the Huntly.net/website the 'virtual hub' would function as a database, connecting people together, advertising and marketing;
- Suggest an interpretation centre/history of Huntly in the hub; its attractions could be written/printed on the walls by Deveron Arts;
- Huntly desperately needs an attractive heritage centre for visitors and locals (2) with proactive and changing displays, exhibitions, collections, meetings, talks - an interesting focal point for young and old. Combine with tourist services - as at Inverurie and Tomintoul;
- Options 1 or 2 : depends on funding opportunities: sometimes need to own the property to qualify for grants;
- Competition with the Stewarts Hall?

There was also space on the exhibition panels to vote using a sticker on the panel and the voting was as follows:

**Table 4.3: Huntly Hub: Views on Potential Uses**

		Number of votes (on panel)
1 <sup>st</sup>	Provide small, start up/incubator retail spaces	12
2 <sup>nd</sup>	Shop window, town centre presence & base for the Trust	6
3 <sup>rd</sup> =	Provide space for local organisations to co-locate	5
3 <sup>rd</sup> =	Provide tourism/visitor services	5
5 <sup>th</sup>	Provide small serviced business spaces	3
6 <sup>th</sup>	Specialist advice centre	1

The most popular use was providing small, start up/incubator retail space.

### **Potential Uses: Assessment of Options & Consultation: Conclusions**

A short list of six complementary uses and activities emerged from the assessment and were discussed with the HDT Board on 5 January 201. Six general location options have also been identified to progress the Huntly Hub and were also assessed.

It was clear from the consultations with agencies who might be interested in taking space and potential partners that a town centre location was preferred. This was confirmed in the questionnaire responses from the Drop In Event although here there was a preference for renting rather than ownership. Five respondents' preferred the virtual: web presence option and the most popular use was start up/incubator retail space. The next chapter summarises the emerging preferred option for the Huntly Hub and the market analysis that has been undertaken.

## 5. HUNTLY HUB: TOWARD A PREFERRED OPTION & MARKET ANALYSIS

This chapter reviews the five options against the agreed criteria and is based on the discussion at the HDT Board on 5 January. The chapter also presents a summary market analysis.

### Generating & Assessing Options

Based on the short list of complementary uses and activities combined with the location and delivery options five composite options have been generated below. The HDT Board meeting on 5 January broadly agreed the criteria (See chapter 4), composite options and undertook an assessment against the agreed criteria. The options and the assessment are summarised in the Table 5.1: Huntly Hub: Assessment of Composite Options Summary in Appendix 2.

### Emerging Preferred Location

The assessment of the composite options show that the two town centre options emerge as clear favourites and this was reinforced by the results of the Drop In Event consultations (chapter 4) where there was a clear preference to tackle the issue of vacant town centre property particularly in the Square.

In order to progress proposals for a specific town centre property an initial assessment of eight town centre properties was undertaken and discussed with HDT. The assessment of potential locations is summarised in Table 5.2. From the assessment the Former 'Square Deal' property at 22 The Square emerges as the option that is worth progressing to the next stage of the feasibility.

Table 5.2 Huntly Hub: Assessment of Potential Locations: Summary

Location/ Criteria	In The Square: Visible	Rent/ Own	Availability	Scale Approximate sq metres	Condition	Risk	Comment
1. Tourist Info Centre (10)	Yes	VisitScott and were offering 5 month sublease	/Need to negotiate: ground AC/Upper Patrick Angus: Deveron Arts	3 floors Ground:? First: 92 sqm Second:33 sqm Total: 125+ sqm	OK	2	Ground floor on its own maybe too limiting? Need all three floors? Could be combined with 2 (Former Peterkins) but would require more complex negotiations with 2/3 owners
2. Former Peterkins	Yes	Ownership Complicated?	Vacant/Medium	3 floors	OK	2	Complicated ownership is a factor Link to James Legge who translated Chinese classic including The Teaching of Confucius: visitor potential
3. Lloyds TSB	Yes	?	?	1 floor Basem't: 78 sqm Ground: 86	OK	?	Ground/basement possibility depends on Lloyds: who say they are

Location/ Criteria	In The Square: Visible	Rent/ Own	Availability	Scale Approx- imate sq metres	Condition	Risk	Comment
				sqm Total: 164 sqm			undertaking repairs Former cafe above (142 sqm) available separately
4. Former Square Deal (22)	Yes	Own	Vacant/Short	3 floors Ground: 114 sqm First: 39 sqm Second: ? Total: 153+ sqm	OK	1	Emerges as an option that is worth progressing. Availability of second floor?
5. 1a Gordon Street	Marginal	Own	Vacant/Short	Various buildings around yard Basement: 47 sqm Ground 111 sqm First: 112 sqm Others: 129 sqm Total: 428 sqm	Poor: major refurb required	2	Scale of project & lower visibility are negative factors
6. AC: Castle Street	No	Own	End of 2011/Medium	2 floors?	OK	2	Lower visibility are negative factors
7. Old Bakery	No	Own	Vacant/Short	Shop 32.35 sqm (348ft2) Bakery, storage, 180.28sqm (1,940ft2) staff facilities & toilets Basement storage 24.20 sq m(260ft2) First and attic floor flat 144 sq m (1,550ft2)	OK	1	Lower visibility are negative factors
8. Former Bed Shop	No		Vacant/Short		OK	1	Lower visibility are negative factors

## Market Analysis

The section below outlines the market demand for the four different types of potential uses that have emerged from the review of regeneration context, consultations, discussions with the HDT Board and the outcomes from the Drop In event. The market analysis is backed up with evidence where possible.

### Local Organisations Co-locating: Community Hub

The New Economics Foundation (NEF) in their new publication 'Clone Towns 2010' highlight the role of high streets as 'centres of economic and social revival. Just what is needed for a 'Big Society'. NEF promote bringing empty properties back into use for example as energy saving hubs

to provide the latest on saving energy.

The Huntly Hub would capitalise on its visible town centre location and the focus would be on accommodating a range of targeted community and third sector organisations that would benefit from a 'high street location'. The Hub would **accommodate HDT as an anchor and provide a shop window, town centre presence** and this would be the 'owner occupied' base for the Trust providing appropriate space to deliver projects and promote local events.

**Other third sector organisations** would take space on a full or part time basis and this is likely to require space suitable for small group meetings and for one to one more confidential discussions.

For example Huntly Mental Health Ltd, Banff Buchan College and Gordon Rural Action have already expressed an interest in having a presence in the Huntly Hub with clear co-location synergies focussing on advice, health, well being, local food production and energy saving. In this way the Huntly Hub could become a **specialist advice centre** covering for example citizens, wellbeing and energy advice offered at certain times/days.

The Hub would be a route to HDT owning an asset, so as to assist empowerment and could generate revenue and longer term income streams so that the Trust is more sustainable in the long term. The Hub in the town centre could also be a catalyst in accelerating property improvements in the town centre and start to instil an even more heightened sense of civic pride. The Hub would also provide new opportunities for community capacity building.



### ***Small Start Up & Incubator Retail Spaces***

The proposed shop within a shop or 'enterprise arcade' would provide ready-to-move-into retail space in a Huntly town centre. The aim would be to offer 'incubator' retail opportunities to a 3/4 businesses for up to a twelve-month period as an opportunity for start up retailers to test-trade their business idea in a supportive environment. Space would be available on very affordable terms, business mentoring and a business-coaching package could also be made available to help the business develop and grow. The emerging Retail Sector Strategy has identified the need for new businesses and 'fresh blood' in the Huntly business offer.

The initial consultations highlighted the interest in the concept from at least four craft related small businesses that currently operate on a part time basis from farmers markets and other outlets. (Ethical Classics, Wilsons Leathercraft, local wool niche products, David Gordon, Huntly Ethical Trade Initiative) who would also want to share the 'staff resource cost'. There has also been some recent local experience of Huntly Farmers' Market working with senior pupils from Gordon Schools to test trade a retail business idea at the Farmers Market. The Drop In event also highlighted the public interest in and support for the proposal to provide incubator retail spaces.

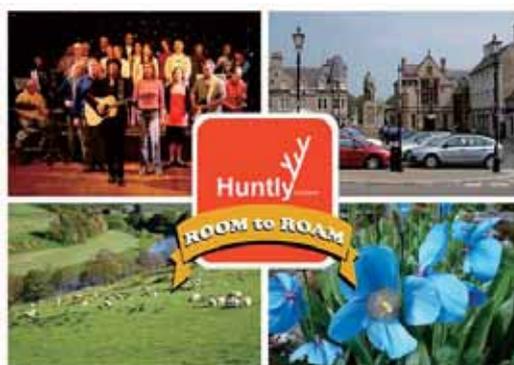
The Hub could therefore house a '**Handmade in Huntly**' themed incubator with a focus on using local material with the aim of producing quality, niche market products (spinning, weaving, knitting, etc.) This could include a combination of a workshop/making, providing (short) courses and shop/selling, where visitors were encouraged to see products being made as well as buying the products. Overall the focus on quality crafts would generate additional economic activity and



complement the existing retailers rather than focussing on local food products where there is likely to be more competition and therefore displacement.

### **Tourism & Visitor Services**

The usage of Tourist Information Centres has dramatically changed over time and in particular with the use of the internet. The TIC in the Square in Huntly is only open during spring/summer. In addition Aberdeenshire Council who are facing difficult budget decisions may be more reluctant to contribute core funding in the future at the same time local businesses value its contribution. Clearly there is an opportunity to provide local visitor information services in Huntly, in a more effective modern way need to reflect modernisation and the actual needs of the visitor. This aim will be increase the availability of information and help target the service to the right market. (Families; outdoors: walking, cycling, fishing packages; town walks with guides) together with further destination marketing to help bring visitors to Huntly. The facilities could include a contact point for tourist packages and specialist activities and accessible, wet weather and family friendly/baby changing facilities.



### **Small Serviced Business Spaces**

The Huntly Business Centre managed by Enterprise North East Trust provides twenty-eight offices ranging from 100 sq ft to 1,000 sq ft on short flexible leases available, from 1 month with parking on-site. Currently (January 2011) there are three units available at 129 sq ft, 298 sq ft and 376 sq ft. It seems that renting individual (1/2 person) rooms is more popular than renting single desk spaces and the rooms need to have sufficient power and telecoms cabling. Providing reception and high speed broadband as part of the package makes the business space more attractive. Providing parking for occupiers and visitors is also important. The small units are available at £160/month all inclusive excluding business rates. Equivalent to £1,920 per annum (£14.80/sq ft).

### **Market Analysis Conclusions**

The initial market analysis that has been undertaken on the Huntly Hub has highlighted demand from **other third sector organisations** for example Huntly Mental Health and Gordon Rural Action as well as HDT to **co-locate in a visible town centre building** and anchor a mixed use community hub. In this way the hub would accommodate a range of community and third sector organisations who would benefit from a 'high street location' and who would occupy space on a full or part time basis.

In addition the Huntly Hub could provide **small start up and incubator retail spaces on the ground floor** to satisfy a demand from start up retailers who want to test-trade their business idea in a supportive environment. The Huntly Hub would also provide targeted **tourism and visitor services** on the ground floor. Available space on the upper floors would be offered as **serviced business space**. Clearly promoting this exciting mix of uses in a refurbished building in say the Square could play a key role in accelerating the wider regeneration of Huntly town centre. The emerging Retail Sector Strategy has identified the need to halt the decline of the town centre and in particular the Square/Conservation Area.

## 6. HUNTLY HUB VISION: PREFERRED USES: FINANCIAL ANALYSIS & NEXT STEPS

A vision for the mix of uses that could be accommodated in the Huntly Hub has been identified based on the conclusions from the consultations, regeneration fit, results from the Drop In event and local market analysis. The vision is highlighted below and the remainder of the Chapter summarises target markets, revenue streams, outline cash flow benefits, management/governance, implementation strategy and next steps.

### Vision & Driving Principles

The Huntly Hub will be an outward looking ‘town centre hub’ anchored by HDT and other third sector organisations, with start up retail space and tourism and visitor services. The Hub will accommodate activities that help develop local economic and community sustainability in Huntly. This is where you find time and the opportunity to connect with local people, resources and information.

The Huntly Hub will also host, events and activities such as providing the latest on saving energy, health and well being and activities for visitors.

The Huntly Hub will bring people together and increase the range of services available to residents and visitors in Huntly town centre.

### Town Centre Premises: Assumed Location

Plans for the site at the rear of 1 Gordon Street were drawn up in 2009 and a successful planning application made. The site is long and narrow and has a collection of different buildings with a total floorspace of 428 sq m. Therefore refurbishment costs were high and estimated at £300k. The purchase price was estimated at £100k. Two funding applications to allow purchase and redevelopment of this building have unfortunately proved unsuccessful and in the discussion with the HDT Board on 5 January the emerging view was that 1 Gordon Street was ‘risky’ and that a less risky town centre building should be investigated.

As a result of the analysis in Table 5.2 and in order to make the assumptions used in the feasibility study as realistic as possible it has been assumed that the shop and upper floors of the premises that were formerly occupied by Square Deal at 22 The Square are available to be occupied by the Huntly Hub. At this stage no discussions have been undertaken with the owner, no survey of the premises has been undertaken or refurbishment plans prepared as these were all outside the scope of the brief for the feasibility study.

The floor space available in the property was confirmed using on the Grampian Assessor Summary Valuation Sheet: 2010 Revaluation and based on three floors is:

- Ground: 114 sq m
- First: 39 sq m
- Second: 39 sq m (estimate)
- Total: 192 sqm/2,070 sq ft**

The preferred uses for the building are described in Table 6.1 below.

## Preferred Uses

Table 6.1: Preferred Use: Target Markets & Revenue Streams Assumptions

Space	Use	Target Market	User/Occupier Profile	Capacity	Annual Revenue Streams Assumptions
1 Front Shop: Rear+ Rear Store	Community Hub	HDT & community/third sector organisations who want a town centre presence e.g Huntly Mental Health Ltd, Gordon Rural Action.  Space with 'hotdesk' workspaces to accommodate for example Credit Union, Citizens Advice Bureau and facilities to include heating, lighting and cleaning.	Weekdays & Evenings Could include: - Huntly Mental Health Ltd - Gordon Rural Action - Grampian Housing Association - Banff Buchan College - Credit Union - Citizens Advice Bureau	65 sq m/ 702 sq ft Assume 4 other organisations paying around £14 /sq ft	Say 4 other organisations paying in total <b>£8,000/annum</b> total. (includes heat/light, rates, security etc) No allowance for rates. Could be reduced ratepayer organisation/s are a registered charity
2 Front Shop	Small Start Up & Incubator Retail Spaces	Start up retailers who want to test-trade their business idea	Craft businesses who are currently working from home	20 sq m/216 sq ft Assume 5 'units' at 3 sq m/32.4 sq ft sales/storage	3 sq m/32 sq ft units available at £100/month each Equivalent of <b>£6,000/annum</b>
3 Front Shop	Tourism & Visitor Services	Local visitor information services: staffed by volunteers	Visitors families; outdoors: walking, cycling, fishing packages; town walks with guides	15 sq m	None Contribution assumed from Aberdeenshire Council/Visit Scotland
4 First Floor	Community Hub: One to One/ Small Group Meeting Spaces	Group & One to One Meetings as well as advice offered at certain times/days	Small group meetings and for one to one more confidential discussions	38 sq m/410 sq ft in 3 rooms	Assume £200/month Equivalent of <b>£2,400/annum</b>
5 Second Floor	Small Serviced Business Spaces	Business space available on short flexible leases with power and telecoms cabling	Small 1/2 person businesses	36 sq/388 sq ft m in 2 rooms	<b>Assume £160 room/month. or £14/sq ft</b> Equivalent of <b>£3,600/annum</b>

Space	Use	Target Market	User/Occupier Profile	Capacity	Annual Revenue Streams Assumptions
Toilet/Kitchen Excluded				12 sq m/129 sq ft Total Floorspace 186 sq m/2,000 sq ft	

**Note:** Existing ENET rental & service charge at Huntly Business Centre for HDT is £470/month/£5,760/ annum

Other uses like a café have not been progressed firstly because of the potential impact on existing established café businesses in the town centre, secondly the proposed Huntly Multi Sports Hub at the Riverside includes a café to assist in generating income and lastly because of the limited availability of floor space at the former Square Deal.

## Outline Cash Flow

**Table 6.2: Anticipated Annual Income**

Income	Year 1	Year 2	Year 3
1. Community Hub (excludes HDT)	£4,000	£6,000	£8,000
2. Small Start Up & Incubator Retail Spaces	£3,000	£4,000	£6,000
3. Tourism & Visitor Services	None	None	None
4. Community Hub: One to One/ Small Group Meeting Spaces	£1,600	£2,000	£2,400
5. Small Serviced Business Spaces	£1,800	£2,700	£3,600
<b>Total</b>	<b>£10,400</b>	<b>£14,700</b>	<b>£20,000</b>

NB: See revenue streams Table 6.1 for assumptions

**Table 6.3: Anticipated Annual Expenditure**

Expenditure	Year 1	Year 2	Year 3
Heat & Light	£2,800	£3,000	£3,400
Water/Drainage	£1,000	£1,000	£1,000
Rates & Insurance	£7,000	£7,000	£7,000
Security	£500	£500	£500
Telecoms/Broadband/ Maintenance	£1,000	£1,000	£1,000
Caretaking/Cleaning (Part Time)	£ 5,000	£5,000	£5,000
General Maintenance: Boiler & Repairs etc	£2,000	£2,000	£2,000
Management/Business Development Support/User Liaison (Part Time)	Others/In Kind	Others/In Kind	Others/In Kind
<b>Total</b>	<b>£ 19,300</b>	<b>£ 19,500</b>	<b>£19,900</b>

### Notes on Annual Expenditure

- i. **Heat/Light:** Assumes only one supply so one standing charge. Heating via one gas boiler.
- ii. **Water/drainage/waste:** one charge assumed

- iii. **Rates:** Based on best estimate but would reduce if ratepayer organisation/s are a registered charity, listed on the register maintained by the Office of the Scottish Charity Regulator (OSCR), and the property occupied is used "wholly or mainly for charitable purposes": may be entitled to 80% mandatory rates relief. Small businesses may be entitled to 80% rates relief under Small Business Scheme
- iv. **Insurance:** Assume a rebuild cost of £5.0M at an annual premium of around £2,000 per year
- v. **Security:** Based on alarm annual maintenance

## Financial Analysis & Viability: Conclusions

The analysis of revenue and expenditure over three years and based on cautious assumptions (Table 6.1) shows that the preferred mix of uses would show an operating deficit/gap of £8.9k in year 1, £4.8k in year 2 and 'breaking even' in year 3. In the first two years HDT would need to find alternative ways of fund this gap. In the longer term with effective management and promotion revenue income from the small serviced business spaces and small start up & incubator retail spaces could be increased to help ensure that the mix of uses continue to cover their annual costs and even make a small level of profit. Obviously if HDT own the premises they are occupying they would not pay rent and this would amount to a saving to HDT.

## Preferred Mix of Uses: Economic Community & Environmental Benefits

### *Economic Benefits*

The Huntly Hub anchored by HDT and other third sector organisations, with start up retail space, tourism and visitor service and small business space could be a transformational project in the economic regeneration of Huntly town centre. Bringing a vacant building in Huntly town centre conservation area back into use as part of a coordinated strategy could be a catalyst in changing resident and visitor perceptions, starting to improve business confidence and investment in property in Huntly town centre. Additional economic benefits in the form of other businesses being encouraged to occupy vacant premises will help to re-establishing Huntly town centre as a place of quality for local people and visitors and further improve local economic development and community sustainability. This kind of adaptive reuse of property in Huntly town centre would also create a destination for visitors and residents in the wider Huntly district.

Overall the Huntly Hub project would support economic recovery in Huntly town centre and accelerate investment and increase commercial confidence in the town centre. HDT ownership of the building as an asset could be used as leverage to draw in new finance and extend the level of community activity.

The intended uses would be attractive to residents, people employed in the centre, visitors and businesses. The capacity for job generation of the options is summarised below.

**Table 6.4 Huntly Hub: Preferred Mix of Uses: Job Generation**

Component	Job Capacity
1. Community Hub	9 FT
2. Small Start Up & Incubator Retail Spaces	2 PT
3. Tourism & Visitor Services	4 PT
4. Community Hub: One to One/ Small Group Meeting Spaces	3 PT
5. Small Serviced Business Spaces	3 FT
<b>Total</b>	<b>9 PT/12 FT</b>

### *Community Benefits*

Refurbishment and adaptive reuse of premises in Huntly town centre as the Huntly Hub will bring back into beneficial use a well know landmark town centre building in Huntly that has remained vacant since 2008(?), start to change the downward spiral of vacancy and poorly maintained

buildings in the town centre and so increase civic pride. The Huntly Hub will also develop local economic and community sustainability, improve partnership working, provide a one stop advice/resource centre and increase footfall in of the town centre. The community hub meeting spaces have the potential to provide a particularly desirable facility that would complement the existing accommodation provision in Huntly. The advice, resources, tourism and visitor services will appeal to both the local community and visitors. The consultation that has been carried out as part of the Feasibility Study (see chapter 4) has shown that the project has strong local support. The Huntly Hub would also increase further the level of community activity, assist capacity building and an increasing in volunteering

### ***Environmental Benefits Maintenance***

Huntly Square is a conservation area that was established in 1978 and in the last 7/8 years the number of vacant properties has increased markedly and the regularity and quality of property maintenance has deteriorated. 22 The Square is a Grade C(S) listed building with the Huntly Conservation Area. Refurbishment and adaptive reuse of a town centre property could be a catalyst to improved 'place making', townscape and better public realm in Huntly town centre. Improvement of property in the Square for example should accelerate investment in the wider Huntly town centre. The refurbishment and reuse of a town centre building fits well with national and Aberdeenshire heritage and town centre regeneration policies where there is an emphasis on conserving the built heritage.

**Table: 6.5 Indicative Capital Funding Sources**

Fund	Criteria Met
<b>1. Big Lottery Fund: Investing In Communities</b>	<ul style="list-style-type: none"> <li>- Growing Community Assets is about communities having more control and influence over their own future through ownership of physical assets. These are usually physical assets, such as land, buildings or equipment, but may also include other types of asset such as energy.</li> <li>- Focus is on supporting communities to take on ownership and long-term management of local assets to address local needs or inequality</li> </ul>
<b>2. Social Investment Scotland and Triodos</b>	<p>Social Investment Scotland and Triodos have launched a partnership that offers up to 100% mortgages to Development Trusts and other third sector organisations to buy property. Under the terms of the partnership - Triodos will lend up to 70% of the value of the property and SIS will fund up to 30%, enabling access to finance that would otherwise be difficult to come by. Applicants to the scheme will also benefit from access to just one valuer and one set of solicitors, and the process has been developed to be as streamlined and as efficient as possible.</p> <p>SIS would charge 8% fixed interest rate plus 1% fee on the part of the loan which it makes to the borrower. Triodos will charge a minimum of 2.5% over the RBS base rate with a minimum lending rate of 3.5% plus 1% fee on its part of the overall loan.</p>
<b>3. Scottish Rural Development Programme: Development/Creation of Micro-Enterprises</b>	<p>This measure is about creating the right conditions for rural businesses and communities to flourish, particularly in more remote areas. This will be achieved by supporting a progressive rural economy and business community, and encouraging individual entrepreneurship. Its primary aim is to promote individuality and develop an economic strategy in rural areas which will create employment opportunities, and widen the range of services and facilities in the local communities, as well as the wider population.</p>

<p><b>4. Lowlands &amp; Uplands Scotland 2007-2013 (European Structural Programmes) Programmes</b> ERDF Priority 2</p>	<p><b>Entrepreneurship support:</b> For entrepreneurs and new firms, resources will be used to support more pre-start events to stimulate action and provide the necessary skills, role models and informal networks. The Programme can also usefully support promotional events to address fears and lack of knowledge to improve the networks between potential entrepreneurs and key sources of support, advice and finance. Special attention will be given to groups which may face particular barriers to developing new enterprises, particularly women entrepreneurs.</p>
<p><b>5. Heritage Lottery Fund</b> Heritage Grants (£50k+) Your Heritage (£3-50K)</p>	<ul style="list-style-type: none"> <li>- Conserve the UK's diverse heritage for present and future generations to experience and enjoy;</li> <li>- Help people to learn about their own and other people's heritage.</li> </ul>
<p><b>6. Historic Scotland</b> (C Listed)</p>	<p>Historic Scotland provides a number of grant and funding schemes to support bodies and individuals in the protection, education and promotion of the historic environment. Criteria include:</p> <ul style="list-style-type: none"> <li>- The building must be of sufficient outstanding architectural or historic interest.</li> <li>- The building must be at serious risk from neglect or repair. A need for grant for repairs to be undertaken must be demonstrated.</li> </ul> <p>Assessment of applications is a competitive process that also takes account of any wider benefits that the repair project may provide, such as:</p> <ul style="list-style-type: none"> <li>- Benefits for communities.</li> <li>- Promotion of quality and development of knowledge and skills</li> </ul>
<p><b>7. Architectural Heritage Fund</b></p>	<p>The AHF's Project Development Grant scheme is only available to building preservation trusts.</p> <p>Project development grants are intended to help BPTs with the costs and expenses of developing a project once its viability has been established, and take it towards the point at which work starts on site.</p>
<p><b>8. Potential Town Centre Regeneration Fund 2</b></p>	<p>Scottish Government may depending on the outcome of the may elections look to launch a second TCRF bidding round.</p>
<p><b>9. Charitable Trusts</b></p> <p><b>i. Esmee Fairburn Foundation</b></p> <p><b>ii The Robertson Trust:</b></p>	<p>Focus is on education, learning and natural environment. The 'strands' funding route includes new approaches' to learning.</p> <p>Priority areas include sport, education, training and community art.</p>

***Project Sponsor: Management: Governance & Risk***

The preferred option for delivering the Huntly Hub is for HDT to progress the proposal. This would mean HDT quickly reviewing the possible town centre locations, other than Square Deal, entering negotiations, securing funding to acquire the building and capital funding for the conversion/refurbishment, letting the contract, negotiating with potential occupiers and managing the completed Huntly Hub. This would include investigating revenue 'gap funding' and possible sponsorship. It is clear at this stage that no other agency is likely to take on this responsibility. The anticipated risks and mitigating actions for HDT are summarised in Table 6.6.

**Table 6.6: HDT: Huntly Hub: Anticipated Risks & Mitigating Actions**

Risk	Likelihood	Seriousness	Consequence	Mitigating Actions
1. External Funding To Acquire Building Not Secured	Medium	High	Project could not proceed	Approach/work with funders at an early stage.
2. External Capital Funding Is Not Secured	Medium	High	Project could not proceed	Approach/work with funders at an early stage.
3. Unforeseen Capital Costs	Low	Medium	Conversion work comes to a standstill Need additional capital funding	Good QS/Cost Planning Input. Include contingencies.
4. Lack of Take Up Of Space	Medium	High	Vacant space & reduced income	Market project intensively & work closely with potential occupiers. Have a reserve list of occupiers.
5. Rentals/Income Assumed is Not Delivered	Medium	Medium	Gap between revenue & income will increase Need to look for external revenue support & sponsorship	Ensure negotiation with potential occupiers on rents is undertaken early. Monitor occupier's progress/success. Have a reserve list of occupiers.
6. Limited Community Support	Low	Medium	Limited community use of the Hub. Poor perception.	Active community engagement. Regular dialogue with Huntly community

### Delivering the Hub: Effective Partnership

HDT will need to drive forward the Huntly Hub project in order to realise the vision summarised above and this includes short term efforts to secure a building, identify acquisition and capital funding at a time when no revenue income is being generated. This is also at a time when the renewables projects that HDT are pursuing to provide a steady stream of income will not have come to fruition. Therefore it may be that HDT will want to put the Huntly Hub project on hold until these sources of income are secured. The business planning process in particular the criteria to appraise options, revenue stream assumptions, anticipated annual income/expenditure assumptions can all be used to appraise other location options for the Huntly Hub that might arise in the future.

Public and other third sector partners like Huntly Mental Health Ltd, Grampian Housing Association (wider initiatives), Banff Buchan College, will also have essential roles to play in championing the project in the short and medium terms. HDT and its partners will need to use supporting skills, expertise and resources like Huntly Ethical Trading Initiative to help secure delivery of particular components. A joined-up approach will be essential, with the need to build mutual trust and ensure effective co-ordination focussed on delivering a successful Huntly Hub.

### Conclusions: Business Plan Principles

Douglas Wheeler Associates Ltd has identified a **clear vision and recommended preferred mix of uses for the Huntly Hub** based on discussions with the HDT Board, consultations, regeneration fit, outcomes from the 'Drop In' event and local market analysis. The analysis and evidence is summarised in chapters 2 to 5.

The preferred mix of uses is then summarised earlier in Chapter 6 together with cautious assumptions on revenue streams, outline cash flow analyses and management. The innovative mixed use nature of the preferred mix of uses and the aim to involve a wide range of community partners and the difficult funding climate make this a challenging project to deliver. Ongoing work will be needed to continue to convince potential partners and stakeholders that they should commit to a deliverable project.



The preferred mix of uses meets seven **important principles** that will drive the Huntly Hub project forward namely to:

- Promote a community hub where there is a concentration of activity with the mix of those activities, accessible to and serving the needs of a diverse range of community members;
- Bring back into use a vacant Grade C-listed building in the Conservation Area that has a prominent location in the Square to act as a catalyst for further property improvements in the Conservation Area and the town centre;
- Promote an innovative mix of uses and components including incubator retail space that aims eventually to be self supporting without minimum revenue grant and sustainable in the long term;
- Identify a number of different sources of revenue income so that the project can cope with changes in market demand over time and so manage risk;
- Promote what is a unique asset in Huntly as an exciting town centre hub that will be a transformational project in repositioning the town centre as a more outward looking quality place for local people and visitors;
- Ensure that the Huntly Hub is home to a strong programme of activity that will appeal to families, older people, local businesses and visitors;
- Ensuring an excellent fit with the wider regeneration policy and initiatives in Huntly.

## Implementation Strategy & Next Steps

The immediate next steps are:

1. HDT Board to formally accept the vision, mix of uses and recommendations of the Business Plan. *May/June 2011.*
2. HDT Board to accept the legislative implications, short term gap between revenue/expenditure and risks of pursuing the recommendations of the Business Plan and the including securing acquisition and capital funding. *May/June 2011.*
3. HDT to initiate informal exploratory negotiations with owners of 2/3 potential town centre buildings that would be suitable for the Huntly Hub to assess possibilities of a less than market value offer being accepted and in due course instruct a valuer/solicitor. *July/August 2011*
4. HDT to investigate and secure external funding for the building acquisition (possibly Social Investment Scotland and Triodos: see above) and capital funding for the conversion/refurbishment. *August/November 2011.*
5. HDT to formally invite community organisations and start up businesses who have expressed an interest in having a presence in the Huntly Hub, who could benefit from a town centre location and who are committed to the Huntly Hub vision hub to submit outline

proposals to enable negotiations on securing space in the Huntly Hub to progress quickly. *December 2011/February 2012.*

6. HDT to undertake a formal assessment of the expressions of interests against agreed criteria and negotiate with a short list with a view to reducing the gap between revenue and expenditure. *March 2012*
7. HDT to appoint an architect/cost planner /project manager to progress a detailed cost plan, floor plans, programme and phasing. *January - March 2012.*
8. Architect to make detailed planning/listed building/conservation area/building regulation applications. *April 2012*
9. Instruct architect to move to Final Proposals and Tender, issue tender and appoint a contractor. *May 2012*
10. Start on site. *June 2012*
11. Completion/Huntly Hub Opening. *January 2013*

DWA/HDT Huntly Hub/Final 210511

# APPENDIX 1

## BEST PRACTICE CASE STUDIES:

This section summarises a review of relevant community hub projects in Scotland that are relevant to Huntly. The three case studies are:

- Lamancha, Borders
- Out of the Blue, Leith, Edinburgh
- Fauldhouse, West Lothian

### i. LAMANCHA, BORDERS (Contact: Kath McCaffrey)

<http://www.lamanchahub.org.uk/>

Lamancha is a small village located 14 miles from Peebles and is 10 miles from the Edinburgh City Bypass. It has a population of under 100.

#### Description

- The Lamancha Hub is a fully accessible and sustainable community resource located in the village's **former primary school** which re-opened in September 2008, after the building had been out of use since 1984.
- The Hub was developed and is run by Lamancha and District Community Association (LDCA), a **not for profit community enterprise** established in 2002 to create and sustain a strong, welcoming, inclusive and active community.

#### Vision/Principles

- The Hub offers comfortable, flexible and economical venue space and is available for private hire for classes, events, exhibitions and parties. It comprises a community hall which seats 60, a second hall/meeting room which seats 30 (both are equipped for exhibitions), a café room which also seats 30, a kitchen equipped to professional catering standards, WiFi available throughout the building, fully accessible baby changing facilities, community garden, playground and private parking.
- The Hub also incorporated office accommodation which serves three small local businesses, providing an income stream to meet the running and maintenance costs for the building.
- Many eco-friendly features have been incorporated in its renovation including extensive insulation and a ground source heat pump which provides all the heating and solar panels for hot water.

#### Operations/Management

- Two part time workers are employed for 12 hours per week, namely a development worker and venue organiser.
- The LDCA works in partnership with two other existing, active rural communities that run local halls: Carlops and Howgate community associations, increasing the range of skills and interests available and improving value for money. The three community groups have a total membership of around 150, with about 40 of these members highly active in managing their local halls and organising community activities.
- Some of the Lamancha, Newlands & Kirkurd Community Council meetings are held at the Hub
- The Green Apple Café is open Mondays - Fridays from 10am-2pm; on Friday's crafts are held between 10am and midday.
- The main hall and second hall/meeting room costs £6/hr (min £10) for casual users and £8/hr (min £15) for corporate users. The café can be used in conjunction with a main room if required at an additional £4/hr (min £4). Use of kitchen facilities costs £10 per session. Whole Hall Hire Out charge is £16/hr (min £48) for casual users and £20/hr (min £60) for corporate users.
- Events and regular classes include: adult fitness classes, children's dance classes, recipe

testing, Postnatal Pilates, German and French classes, yoga, gardening club, summer reading programme as part of the community library, mini music makers, family photo days, Christmas wreath workshop and 'Hubmanay' (31 December).

#### Delivery & Funding

- Almost £500,000 was raised from a variety of funders: LEADER+, Big Lottery, Scottish Enterprise, Energy Savings Trust, Community Environmental Renewal Scheme, WREN, Lloyds TSB Foundation, Scottish National Heritage (SNH), Robertson Trust and Garfield Weston Foundation.
- Predominant funding was from the Lottery for a period of 5 years, and this is due to end in December 2012.

#### Lessons Learned/Relevant Conclusions for Huntly

- Cooperation and joint working with nearby community associations
- Variety of public funding sources was required to establish the facility
- Crucial that funding applications include the employment of a development worker to organise events and raise revenue on an-ongoing basis, rather than rely on community volunteers
- Necessary to plan ahead to continue to generate income despite Lottery Funding still committed for the next two years, albeit on a phased downwards percentage

#### ii. OUT OF THE BLUE DRILL HALL, EDINBURGH

(Contact: Rob Hoon)

[www.outoftheblue.org.uk](http://www.outoftheblue.org.uk)



#### Description

- Out of the Blue Arts and Education Trust (OOTB) is based at the Drill Hall, Dalmeny Street, Edinburgh and also has premises at the Powerhouse in Portobello. It was launched in 1994
- OOTB is a **Company limited by guarantee**, and currently has 6½ Ft and 6 PT employees, serving the Trust and all its operations, not just the OOTB facility. The four Board directors and voluntary directors meet bimonthly.
- In 2003 OOTB began a phased refurbishment of the **redundant ex army Drill Hall**, transforming the building into an arts centre by creating studios, workshops, exhibition, event and café space. Built in 1901, the 11,000 sq ft B-listed Territorial Army Hall was purchased by OOTB in 2004; the seven-year project, which took longer than originally planned, was completed in June 2010.
- Careful, sustainable restoration and regeneration has transformed the building into a participatory and inclusive arts and cultural centre, with artists' studios, rehearsal and performance arenas, exhibition spaces and a café.

- OOTB is home to 73 artists/creative industries in 68 studios. 30 of the studios have been built on balcony space overlooking the main hall.

#### Vision/Principles

- OOTB is an independent, dynamic and innovative cultural social enterprise providing economic, cultural, social and educational opportunities, to a significant number of people to make a real difference to their lives.
- From its inception OOTB's mission has been to provide opportunities for artists and other people who may/sometimes face barriers to creativity, to meet, work, participate, enjoy themselves, learn and develop skills and knowledge.
- The OOTB Drill Hall is "a vibrant, fun, and inclusive place, where people can experience all kinds of innovative contemporary arts, enjoy the creative atmosphere, meet, discuss, eat, relax, learn".
- Early phases of the refurbishment focussed on making the existing building useable and forming new internal courtyard spaces at ground level within the main hall. The new ground floor and upper level of rooms were carried out in separate phases as funding was secured and the design was able to evolve through ongoing consultation to suit the needs of users. Future flexibility was a key requirement; internal wall partitions are non-loadbearing, which allows for future adaptation or expansion.
- Sustainability: the energy efficient new structure is super-insulated. Rooms are heated and ventilated using a system that minimises energy use by utilising residual heat from the building and atmosphere, and wet solar heat provides domestic hot water.

#### Operations/Management

- Rob Hoon has been coordinator of OOTB Arts and Education Trust since 1999 and led the purchase and transformation of the venue.
- In 2009 OOTB was one of the first five organisations in Scotland to be awarded the Social Enterprise Mark, testimony that the organisation is founded on high environmental and social standards.
- OOTB has offices, studios, rehearsal and meeting rooms, exhibition space and performance venues all available to hire at reasonable rates. The facility, together with the café which has recently expanded to provide **outside catering generates income for the Trust to pay the outstanding loans and mortgage.**
- Revenue is generated from the monthly rent of studios and office spaces, and hire of the events space including weekly classes; no revenue subsidy is received.
- A quarterly Arts Market provides the opportunity for OOTB tenants and other artists and craftspeople to sell their wares directly to the public.
- The café is open from 10am-5pm Monday to Saturday. A key part of the café ethos is an ongoing initiative to train and employ young people in a working hospitality environment. Each trainee joins for a six month period to gain knowledge and experience as well as the skills and confidence to step out into the industry.

#### Delivery & Funding

- The value of the project was £1.25 million.
- Big Lottery Fund's Growing Community Assets Scheme: Awarded £244,000 (early 2007)
- Scottish Investment Fund (SIS): £175,000 grant and £250,000 loan towards its £737,000 refurbishment programme (early 2009)
- Climate Challenge Fund: £90,067 (early 2009)
- Scottish Arts Council: 3 phased awards: approximately £100,00, £186,000 & a final £186,000

#### Lessons Learned/Relevant Conclusions for Huntly

- Coordinator: One individual coordinator in place from inception to completion
- Loan and grant funding, especially from the public sector was crucial, but was a huge challenge resulting in the project taking longer than originally set out in the business plan.
- Revenue generation: Income generated from the refurbishment is essential to allow the Trust to continue the community side of its work, without relying on a revenue subsidy.
- OOTB has struck a balance between its commitment to the community/supporting local projects and commercial enterprise. Both are important to its ethos.
- OOTB Provides a showcase for arts and craftspeople based in the building and beyond to showcase their products

- Importance of Social Enterprise: Social Enterprise is a different way to do business, and is becoming more important to customers, especially following mistrust in privately-run banks and businesses. Recent research conducted by ICM Research revealed that customers are keen to see the Social Enterprise Mark; 7 out of 10 people said they would prefer to buy from firms who put their profits back into the community rather than into the pockets of shareholders and that they would rather buy from a company that makes decisions based on concern for society and the environment.

### iii. FAULDHOUSE, WEST LoTHIAN (Contact: Neil Barnes)

<http://fauldhouse.org.uk/projects/community-hub/>

Fauldhouse has a population of around 5,000, with slightly more older people than West Lothian on average. The village has a mining and industrial heritage and is close to the borders of North and South Lanarkshire.

The Fauldhouse Community Hub building is currently undergoing refurbishment and is planned to open in mid March 2011.

#### Description

- The Fauldhouse CDT is a **Company Limited by Guarantee** and Not Having a Share Capital; it was incorporated in December 2006 and formed as a charity in 2007.
- One of the key early actions was a community consultation to find out from local people what they liked and disliked about the village and what things they thought could be easily changed in the community.
- A key focus during 2009 (initiated in 2008) was to identify a **permanent base for the Trust** which could act as a community Hub for the village. In the meantime West Lothian Council provided free of charge temporary office space for the Trust at 10 Main Street, Fauldhouse.
- The Fauldhouse Community Development Trust (CDT) purchased 10 Main Street, Fauldhouse on 31 March 2010 for the purpose of being a Community Hub space providing services to local residents, supporting community organisations and as CDT's offices to undertake current and future projects. On 1 April 2010 the ownership of the building was transferred from West Lothian Council for a sum of £150,000. Refurbishment was due to commence in August 2010, but was delayed due to staffing required for maternity leave; construction work started in Mid November 2010 and is due to be completed in Mid March 2011.

#### Vision/Principles

The Community Hub facility will provide the following services:

- A venue for activities for local people, including youth events, arts & crafts, cookery workshops and the proposed Fauldhouse Community Cinema.
- Retail space for small social economy groups and local businesses
- Office space for voluntary organisations and social economy groups
- Printing and administration services for community groups, social economy groups and local businesses
- An outreach venue for various West Lothian-wide agencies involved with employment, business start-up assistance, skills training, volunteering, youth projects etc.
- A coffee area for people to socialise (without alcohol) and meet informally
- A soft play area for pre-school children
- A gallery for local artists and educational displays
- Access to all types of information.

#### Operations/Management

- The CDT was founded by members of the community of Fauldhouse following meetings at which local community groups were invited to attend the nominate individuals to serve as Trustees. The trust currently has 85 members. The board comprises a maximum of 15 directors, of whom no more than 13 may be elected. The Board of Directors is the sole executive committee of the Trust and is responsible for decisions regarding strategic direction and meets a minimum of four times per annum. Working groups have been established to progress specific areas of work, each reporting back to the Board. One is the

Community Hub Working Group comprising directors, volunteers and a professional design team.

#### **Delivery & Funding**

- In 2008 the Big Lottery awarded the Trust funding through its Investing in Ideas programme to contribute to the costs of consultation, planning, architectural and legal advice for the Community Hub project in order for the Trust to make a further more substantial bid to the Big Lottery's Growing Community Assets Fund to allow the purchase and refurbishment of suitable premises. Following this the Trust put together a bid to the Big Lottery which was approved in August 2009.
- The grant from the Lottery (of £378,000) covered 95% of the building purchase and 50% of redevelopment of the building. During the latter months of 2009 the Trust raised the remaining 50% of redevelopment costs from West Lothian LEADER, The Levensat Trust (Landfill Tax) and Scottish Government 3rdSector Enterprise Fund.
- The funding package for the premises (including part-time staff) is complete for the next 5 years, until the end of March 2015. The Trust employed its first employee, a Community Development Worker in December 2008 (£25,000). The Hub will employ a part time administrator and cleaner.
- Development of the project was delayed until a replacement development worker was in place; fortunately lottery funding was flexible to accommodate this.
- Initially running costs will be mostly grant funded (by the Lottery), with an ever increasing amount being raised through income generation. The aim is to raise income from room rentals and provision of the services outlined above and the intention is for the building to be self-sustaining in five years.

#### **Lessons Learned/Relevant Conclusions for Huntly**

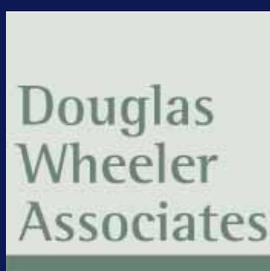
- Consultation/evidence gathering and a strong community commitment
- Building strong relationships with other partners (e.g. West Lothian Council)
- Not taking on too much too soon
- Generating project viable ideas before targeting funding: not funding driven
- Provision of Lottery Funding, (flexible to accommodate timescale slippage), and specifically the Big Lottery Growing Community Assets Fund

# APPENDIX 2

Table 5.1: Huntly Hub: Assessment of Composite Options Summary

CRITERIA/ OPTION	1. Business Space: Existing TC Building: Rent	2. Existing TC Building: Own	3. TC Building: Own/Rent	4. New Building:	5. Virtual Web Presence
Income Generation	<b>Pro's</b> -Good for retail/non retail uses	-Good for retail/non retail uses  -Co-location with income streams			
	<b>Con's</b> -More limited income generation		- Not good for retail type uses	- Depends on location	- Very limited
Cost / Leverage	<b>Pro's</b> -No capital requirement & limited upfront cost -Shared maintenance costs	- Opportunity to lever other rental income streams	-Opportunity to lever other rental income streams		- Limited capital cost
	<b>Con's</b>	-Upfront capital cost -Maintenance costs		-Upfront capital cost -Maintenance costs	-No leverage
Impact	<b>Pro's</b> -Good impact in TC location	- Good impact in TC location			
	<b>Con's</b>		-Likely to be less impact	-Depends on location -Could undermine regen. With empty TC buildings	- No tangible presence in Huntly  -Impact likely to be limited
HDT's community enterprise ethos	<b>Pro's</b> - Town centre regen is a priority	- Owning an asset is a priority -Town centre regen is a priority			
	<b>Con's</b> - No asset to own		- Town centre regen is a priority	- Undermines commitment to TC regen	-No town centre presence - Excludes non computer owners/peop le who are less IT literate

CRITERIA/ OPTION	1. Business Space: Existing TC Building: Rent	2. Existing TC Building: Own	3. TC Building: Own/Rent	4. New Building:	5. Virtual Web Presence
Strategic Fit	Pro's - Town centre has a better fit	-Town centre has a better fit - Ownership could be a good pilot/demonstration project for HDT			
	Con's		-Town centre has a better fit	-Refurbishing an existing TC building has a better fit	- No a good strategic fit
Risk	Pro's - Less risky than ownership -Allows for more flexibility: take more space as required				- Less risk
	Con's	-More risky than renting		-Higher: need to identify site/planning & building regs/contract etc	
Ease of Implementation	Pro's - Maybe quicker & easier: dealing with 'landlord'				- Easier to implement
	Con's	-Acquisition & conversion may take time		- Likely to take longer & be more risky	
Totals	Pros: 9 Cons: 2	Pros: 8 Cons: 4	Pros: 1 Cons: 3	Pros: 0 Cons: 9	Pros: 3 Cons: 6



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